



THE CONFERENCE BOARD

FOR RELEASE: 10:00 A.M. ET, Friday, February 17, 2012

The Conference Board®  
U.S. Business Cycle Indicators<sup>SM</sup>  
**THE CONFERENCE BOARD LEADING ECONOMIC INDEX®**  
**(LEI) FOR THE UNITED STATES**  
**AND RELATED COMPOSITE ECONOMIC INDEXES FOR JANUARY 2012**

**The Conference Board Leading Economic Index® (LEI)** for the U.S. increased 0.4 percent, **The Conference Board Coincident Economic Index® (CEI)** increased 0.2 percent and **The Conference Board Lagging Economic Index® (LAG)** increased 0.4 percent in January.

- The Conference Board LEI for the U.S. increased for the fourth consecutive month in January. Positive contributions from the financial indicators and manufacturing data offset the negative contributions from average consumer expectations of business conditions and rising unemployment claims. In the six-month period ending January 2012, the leading economic index increased 0.5 percent (about a 1.1 percent annual rate), much slower than the growth of 2.8 percent (about a 5.7 percent annual rate) during the previous six months. However, the strengths among the leading indicators have been somewhat more widespread than the weaknesses through January.
- The Conference Board CEI for the U.S., a measure of current economic activity, also rose in January. The index increased 1.6 percent (about a 3.2 percent annual rate) between July 2011 and January 2012, a much faster rate than the growth of 0.4 percent (about a 0.8 percent annual rate) for the previous six months. Also, the strengths among the coincident indicators have remained very widespread, with all components advancing over the past six months. The lagging economic index increased faster than the CEI, and as a result the coincident-to-lagging ratio dropped. Real GDP expanded at a 2.8 percent annual rate in the fourth quarter of last year, after increasing 1.8 percent annual rate in the third quarter.
- The Conference Board LEI for the U.S. continued to increase in January after a brief but sharp decline in August and September of 2011. The Conference Board CEI for the U.S. has also been rising steadily through January. Taken together, the recent behavior of the composite indexes and their components suggest that the current expansion in economic activity should continue in the near term.

**LEADING INDICATORS.** Seven of the ten indicators that make up The Conference Board LEI for the U.S. increased in January. The positive contributors – beginning with the largest positive contributor – were interest rate spread, average weekly manufacturing hours, stock prices, *Leading Credit Index*<sup>TM</sup> (inverted), ISM new orders index, building permits, and manufacturers' new orders for consumer goods and materials\*. The negative contributors – beginning with the largest negative contributor – were average consumer expectations for business conditions, average weekly initial claims for unemployment insurance (inverted), and manufacturers' new orders for nondefense capital goods excl. aircraft\*.

LEI for the United States now stands at 94.9 (2004=100). Based on revised data, this index increased 0.5 percent in December and increased 0.3 percent in November. During the six-month span through January, the leading economic index increased 0.5 percent, with six out of ten components advancing (diffusion index, six-month span equals 60 percent).

-2-

**COINCIDENT INDICATORS.** Three of the four indicators that make up the CEI for the United States increased in January. The positive contributors to the index – beginning with the largest positive contributor – were manufacturing and trade sales\*, employees on nonagricultural payrolls, and personal income less transfer payments\*. The industrial production index held steady in January.

CEI now stands at 103.5 (2004=100). Based on revised data, this index increased 0.3 percent in December and remained unchanged in November. During the six-month period through January, the coincident economic index increased 1.6 percent, with all four components advancing (diffusion index, six-month span equals 100 percent).

**LAGGING INDICATORS.** The lagging economic index stands at 113.8 (2004=100) in January, with five of the seven components advancing. The positive contributors to the index – beginning with the largest positive contributor – were ratio of consumer installment credit to personal income\*, average duration of unemployment (inverted), change in index of labor cost per unit of output, manufacturing\*, commercial and industrial loans outstanding\*, and ratio of manufacturing and trade inventories to sales\*. The average prime rate charged by banks and change in CPI for services held steady in January. Based on revised data, the lagging economic index increased 0.3 percent in both December and November.

#### **DATA AVAILABILITY AND NOTES.**

The data series used to compute **The Conference Board Leading Economic Index<sup>®</sup>** (LEI) for the U.S., **The Conference Board Coincident Economic Index<sup>®</sup>** (CEI) for the U.S. and **The Conference Board Lagging Economic Index<sup>®</sup>** (LAG) for the U.S. and reported in the tables in this release are those available “as of” 12 Noon on February 16, 2012. Some series are estimated as noted below.

\* Series in The Conference Board LEI for the U.S. based on our estimates are manufacturers’ new orders for consumer goods and materials and manufacturers’ new orders for nondefense capital goods. Series in The Conference Board CEI for the U.S. that are based on our estimates are personal income less transfer payments and manufacturing and trade sales. Series in The Conference Board LAG for the U.S. that are based on our estimates are manufacturing and trade inventories to sales ratio, consumer installment credit to income ratio, change in labor cost per unit of output, and the personal consumption expenditure used to deflate commercial and industrial loans outstanding.

The procedure used to estimate the current month’s personal consumption expenditure deflator (used in the calculation of real money supply and commercial and industrial loans outstanding) now incorporates the current month’s consumer price index when it is available before the release of The Conference Board LEI for the U.S.

---

#### **Professional Contacts at The Conference Board:**

Ken Goldstein: 212-339-0331  
Indicators Program: 212-339-0330

#### **Media Contacts:**

Jonathan Liu: 212- 339-0257  
Peter Tulupman: 212- 339-0231

Email: [indicators@conference-board.org](mailto:indicators@conference-board.org)

Website: <http://www.conference-board.org/data/bci.cfm>

---

**THE CYCLICAL INDICATOR APPROACH.** The composite economic indexes are the key elements in an analytic system designed to signal peaks and troughs in the business cycle. The leading, coincident, and lagging economic indexes are essentially composite averages of several individual leading, coincident, or lagging indicators. (See page 3 for details.) They are constructed to summarize and reveal common turning point patterns in economic data in a clearer and more convincing manner than any individual component—primarily because they smooth out some of the volatility of individual components.

Historically, the cyclical turning points in The Conference Board LEI for the U.S. have occurred before those in aggregate economic activity, while the cyclical turning points in The Conference Board CEI for the U.S. have occurred at about the same time as those in aggregate economic activity. The cyclical turning points in The Conference Board LAG for the U.S. generally have occurred after those in aggregate economic activity.

U.S. Composite Economic Indexes: Components and Standardization Factors

<u>Leading Economic Index</u>	<u>Factor</u>
1 Average weekly hours, manufacturing	0.2781
2 Average weekly initial claims for unemployment insurance	0.0334
3 Manufacturers' new orders, consumer goods and materials	0.0811
4 ISM new orders index	0.1651
5 Manufacturers' new orders, nondefense capital goods excl. aircraft	0.0356
6 Building permits, new private housing units	0.0272
7 Stock prices, 500 common stocks	0.0381
8 Leading Credit Index™	0.0794
9 Interest rate spread, 10-year Treasury bonds less federal funds	0.1069
10 Avg. consumer expectations for business and economic conditions	0.1551
<u>Coincident Economic Index</u>	
1 Employees on nonagricultural payrolls	0.2597
2 Personal income less transfer payments	0.1357
3 Industrial production	0.0728
4 Manufacturing and trade sales	0.5318
<u>Lagging Economic Index</u>	
1 Average duration of unemployment	0.0361
2 Inventories to sales ratio, manufacturing and trade	0.1211
3 Labor cost per unit of output, manufacturing	0.0587
4 Average prime rate	0.2815
5 Commercial and industrial loans	0.0970
6 Consumer installment credit to personal income ratio	0.2101
7 Consumer price index for services	0.1955

Notes:

The component factors are inversely related to the standard deviation of the month-to-month changes in each component. They are used to equalize the volatility of the contribution from each component and are “normalized” to sum to 1. When one or more components are missing, the other factors are adjusted proportionately to ensure that the total continues to sum to 1.

These factors were revised effective on the release for January 2012, and all historical values for the three composite economic indexes were revised at this time to reflect the changes. (Under normal circumstances, updates to the leading, coincident, and lagging economic indexes only incorporate revisions to data over the past six months.) The factors for The Conference Board LEI for the U.S. were calculated using 1984-2010 as the sample period for measuring volatility. A separate set of factors for the 1959-1983 period is available upon request. The primary sample period for the coincident and lagging economic indexes was 1959-2010. For additional information on the standardization factors and the index methodology see: “Benchmark Revisions in the Composite Indexes,” *Business Cycle Indicators* December 1997 and “Technical Appendix: Calculating the Composite Indexes” *Business Cycle Indicators* December 1996, or the Web site: <http://www.conference-board.org/data/bci.cfm>

The trend adjustment factor for The Conference Board LEI for the U.S is -0.0321(over the 1984 – present) and 0.1145 (over the 1959-1983 period), and the trend adjustment factor for The Conference Board LAG for the U.S is 0.1786.

To address the problem of lags in available data, those leading, coincident and lagging indicators that are not available at the time of publication are estimated using statistical imputation. An autoregressive model is used to estimate each unavailable component. The resulting indexes are therefore constructed using real and estimated data, and will be revised as the unavailable data during the time of publication become available. Such revisions are part of the monthly data revisions, now a regular part of the U.S. Business Cycle Indicators program. The main advantage of this procedure is to utilize in the leading economic index data such as stock prices, interest rate spread, and manufacturing hours that are available sooner than other data on real aspects of the economy such as manufacturers’ new orders. Empirical research by The Conference Board suggests that there are real gains in adopting this procedure to make all the indicator series as up-to-date as possible.

### **January 2012 Annual Benchmark Revisions**

January 26, 2012 release *The Conference Board Leading Economic Index*® (LEI) for The United States incorporates annual benchmark revisions to the composite indexes. These regular benchmark revisions bring the indexes up-to-date with revisions in the source data. The revisions do not change the cyclical properties of the indexes. The indexes are updated throughout the year, but only for the previous six months. Data revisions that fall outside of the moving six-month window are incorporated when the benchmark revision is made and the entire histories of the indexes are recomputed. As a result, the revised indexes and their month-over-month changes will no longer be directly comparable to those issued prior to the benchmark revision. The entire history of the indexes from 1959 to present has been revised.

### **January 2012 Comprehensive Benchmark Revisions**

**In addition to these regular annual revisions**, The Conference Board implemented a comprehensive revision of *The Conference Board Leading Economic Index*® (LEI) for the United States effective with the January 26, 2012 release. The last time the LEI had comprehensive revisions was in 1996 after The Conference Board received the responsibility for the LEI and the Business Cycle Indicators program from the Bureau of Economic Analysis at the U.S. Department of Commerce.

These comprehensive revisions are the result of an extensive reevaluation of existing components of *The Conference Board Leading Economic Index*® for the United States. Following discussions with the Business Cycle Indicators Advisory Panel and other experts, The Conference Board has decided to replace three of the ten components and make a minor adjustment to another component. The composition changes reflected in the new LEI address structural changes that have occurred in the U.S. economy in the last several decades. The upcoming changes in the LEI composition include:

- 1) incorporating the new *Leading Credit Index*™ (LCI) and omitting the real money supply (M2) component starting in 1990 (real M2 remains in the index before 1990);
- 2) replacing the ISM Supplier Delivery Index with the ISM New Orders Index;
- 3) replacing the Reuters/University of Michigan Consumer Expectations Index with an equally weighted average of consumer expectations of business and economic conditions using questions from Surveys of Consumers conducted by Reuters/University of Michigan and Consumer Confidence Survey by The Conference Board (after 1978, Reuters/University of Michigan Consumer Expectations Index remains in the index before 1978); and
- 4) replacing “New Orders for (nondefense) Capital Goods” with “New Orders for (nondefense) Capital Goods excluding Aircraft.”

In addition to these major changes to the composition, The Conference Board has implemented changes in the methodology and procedures used in the calculation process. These modifications are:

- 1) normalized levels of the indicator rather than its monthly changes will be used to calculate the component contributions of components based on diffusion indexes such as the ISM New Orders Index;
- 2) when component data are missing, autoregressions in log differences instead of levels will be used to calculate the statistical imputation of the missing months;
- 3) trend adjustment will be done in two periods: 1959-1983 and 1984-2010 (same as the volatility adjustment); and
- 4) LCI contributions to the LEI are calculated from its levels (not monthly changes) and it is inverted

As a result of these changes, the history of the revised indexes and their month-over-month changes will no longer be directly comparable to those issued prior to the comprehensive benchmark revision. Based on its performance since 1990, and especially before and during the 2008-2009 recession, the new LEI should provide more accurate predictions of business cycle peaks and troughs.

### ***Leading Credit Index™***

Financial indicators such as yield curves and stock prices have been extensively used as leading indicators of economic activity due to their forward looking content. The coverage of financial and credit market activity can be improved to account for some of the structural changes in the U.S. economy (especially in financial markets). Over the past three decades, many new financial indicators, such as interest rate swaps, credit default swaps, certain corporate-treasury spreads, the Federal Reserve's senior loan officer survey, etc. have become available, but, since most of these new indicators have not been available for a long enough period, very little research has been conducted to evaluate their usefulness as leading indicators. The Conference Board research indicates that several of these financial indicators rank highly according to their ability to predict recessions (i.e. peaks and troughs in the business cycle). These financial indicators have been aggregated into a single composite index, named the *Leading Credit Index™*, and incorporated as a component in the revised LEI, replacing real money supply (M2).

*The new Leading Credit Index™* differs from others in the literature in that it consists of a small, carefully selected set of component indicators that specifically target business cycle turning points rather than financial stress or instability.

THE CYCLICAL INDICATOR APPROACH. The composite economic indexes are the key elements in an analytic system designed to signal peaks and troughs in the business cycle. The leading, coincident, and lagging economic indexes are essentially composite averages of several individual leading, coincident, or lagging indicators. (See page 3 for details.) They are constructed to summarize and reveal common turning point patterns in economic data in a clearer and more convincing manner than any individual component—primarily because they smooth out some of the volatility of individual components.

Historically, the cyclical turning points in The Conference Board LEI for the U.S. have occurred before those in aggregate economic activity, while the cyclical turning points in The Conference Board CEI for the U.S. have occurred at about the same time as those in aggregate economic activity. The cyclical turning points in The Conference Board LAG for the U.S. generally have occurred after those in aggregate economic activity.

For more information, please visit our website at <http://www.conference-board.org/data/bci.cfm> or contact [indicators@conference-board.org](mailto:indicators@conference-board.org).

## NOTICES

**The Conference Board Leading Economic Index® (LEI) for the U.S. news release schedule for 2012:**

Thursday, March 22, 2012	For February 2012 data
Thursday, April 19, 2012	For March 2012 data
Thursday, May 17, 2012	For April 2012 data
Thursday, June 21, 2012	For May 2012 data
Thursday, July 19, 2012	For June 2012 data
Friday, August 17, 2012	For July 2012 data
Thursday, September 20, 2012	For August 2012 data
Thursday, October 18, 2012	For September 2012 data
Wednesday, November 21, 2012	For October 2012 data
Thursday, December 20, 2012	For November 2012 data

All releases are at 10:00 AM ET.

### **About The Conference Board**

The Conference Board is a global, independent business membership and research association working in the public interest. Our mission is unique: To provide the world's leading organizations with the practical knowledge they need to improve their performance *and* better serve society. The Conference Board is a non-advocacy, not-for-profit entity holding 501 (c) (3) tax-exempt status in the United States.

### **AVAILABLE FROM THE CONFERENCE BOARD**

#### **U.S. Business Cycle Indicators Internet Subscription**

*(Includes monthly release, data, charts and commentary)*

\$ 595 (for TCB members)/\$755 (for non-TCB members) per year (1 user)

#### **Individual Data Series**

\$55 per series downloaded

#### **Monthly BCI Report (PDF)**

*(Sample available at <http://www.conference-board.org/data/monthlybci.cfm>)*

\$ 240 (for TCB members)/\$300 (for non-TCB members) per year

#### **BCI Handbook (published 2001)**

\$25

#### **Corporate Site License**

Contact Indicators Program at (212) 339-0330

Business Cycle Indicators for China, the Euro Area, France, Germany, Korea, Mexico, Spain, and the U.K., are available at \$595 (for TCB members)/\$755 (for non-TCB members) per country per year (1 user). Discounts are available to Associates of The Conference Board and accredited academic institutions.

**Table 1. Summary of U.S. Composite Economic Indexes**

	2011							2012
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Leading index	94.4	93.7	93.2 r	93.7	94.0 r	94.5 r	94.9 p	
Percent change	.2	-.7	-.5 r	.5 r	.3 r	.5 r	.4 p	
Diffusion index	55	30	25	70	55	60	70	
Coincident index	101.9	102.2	102.2	103.0	103.0 r	103.3 r	103.5 p	
Percent change	.2	.3	.0	.8	.0 r	.3	.2 p	
Diffusion index	75	75	62.5	100	62.5	100	87.5	
Lagging index	111.8	112.0 r	112.1	112.8 r	113.1	113.4	113.8 p	
Percent change	.3	.2 r	.1 r	.6 r	.3 r	.3	.4 p	
Diffusion index	64.3	28.6	50	64.3	57.1	50	85.7	
Coincident-lagging ratio	91.1	91.3	91.2	91.3 r	91.1 r	91.1 r	90.9 p	
	Jan to	Feb to	Mar to	Apr to	May to	Jun to	Jul to	
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
Leading index								
Percent change	2.8	1.1	-0.5 r	0	-0.2 r	0.3 r	0.5	
Diffusion index	90	60	40	60	45	60	60	
Coincident index								
Percent change	0.4	1.2	0.5	1.8	1.8 r	1.6 r	1.6	
Diffusion index	100	75	75	100	100	100	100	
Lagging index								
Percent change	2.1	1.9 r	1.8	1.8 r	1.8	1.7	1.8	
Diffusion index	64.3	50	64.3	50	50	50	64.3	

p Preliminary. r Revised (noted only for index levels and one-month percent changes). c Corrected.

CALCULATION NOTE: The diffusion indexes measure the proportion of the components that are contributing positively. Components that rise more than 0.05 percent are given a value of 1.0, components that change less than 0.05 percent are given a value of 0.5, and components that fall more than 0.05 percent are given a value of 0.0.

The full history of composite and diffusion indexes is available by subscription on our web site at <https://www.conference-board.org/data/bcicountry.cfm?cid=1>

© The Conference Board 2012. All data contained in this table are protected by United States and international copyright laws. The data displayed are provided for informational purposes only and may only be accessed, reviewed, and/or used in accordance with, and the permission of, The Conference Board consistent with a subscriber or license agreement and the Terms of Use displayed on our website at [www.conference-board.org](http://www.conference-board.org). The data and analysis contained herein may not be used, redistributed, published, or posted by any means without express written permission from The Conference Board.

COPYRIGHT TERMS OF USE All material on Our Sites are protected by United States and international copyright laws. You must abide by all copyright notices and restrictions contained in Our Sites. You may not reproduce, distribute (in any form including over any local area or other network or service), display, perform, create derivative works of, sell, license, extract for use in a database, or otherwise use any materials (including computer programs and other code) on Our Sites ("Site Material"), except that you may download Site Material in the form of one machine readable copy that you will use only for personal, noncommercial purposes, and only if you do not alter Site Material or remove any trademark, copyright or other notice displayed on the Site Material. If you are a subscriber to any of the services offered on Our Sites, you may be permitted to use Site Material, according to the terms of your subscription agreement.

Trademarks "THE CONFERENCE BOARD", the TORCH LOGO, "THE CONFERENCE BOARD LEADING ECONOMIC INDEX", "THE CONFERENCE BOARD COINCIDENT ECONOMIC INDEX", "THE CONFERENCE BOARD LAGGING ECONOMIC INDEX", and other logos, indicia and trademarks featured on Our Sites are trademarks owned by The Conference Board, Inc. in the United States and other countries ("Our Trademarks").

You may not use Our Trademarks in connection with any product or service that does not belong to us nor in any manner that is likely to cause confusion among users about whether The Conference Board is the source, sponsor, or endorser of the product or service, nor in any manner that disparages or discredits us.

Violators of these rights will be prosecuted to the full extent of the law. Nothing herein shall restrict the use of the information by news journalists using the information in a legitimate news publication or periodical.

**Table 2. Data and Net Contributions for Components of the U.S. Leading Economic Index**

Component	2011						2012
	Jul	Aug	Sep	Oct	Nov	Dec	Jan
U.S. Leading Economic Index component data							
Average workweek, production workers, mfg. (hours).....	41.4	41.3	41.3	41.5	41.5	41.6	41.9
Average weekly initial claims, state unemployment insurance (thousands)*.....	408.4	410.8	415.2	405.1	394.2	373.9	377.3
Manufacturers' new orders, consumer goods and materials (mil. 1982 dol.).....	118,837	117,243	116,882	119,441	121,337	123,059	123,160 **
ISM New Orders Index (percent).....	50.8	51.8	51.1	53.4	55	54.8	57.6
Manufacturers' new orders, nondefense capital goods excl. aircraft (mil. 1982 dol.).....	41654	42027	42516	42145	41512	42738	42454 **
Building permits (thous.).....	601	625	589	644	680	671	676
Stock prices, 500 common stocks (c) (index: 1941-43=10).....	1,325.18	1,185.31	1,173.88	1,207.22	1,226.41	1,243.32	1,300.58
Leading Credit Index™ (std. dev. <sup>1</sup> )*.....	-0.5	1.2	0.9	-0.2	0.6	0.2	-0.7
Interest rate spread, 10-year Treasury bonds less federal funds.....	2.93	2.20	1.90	2.08	1.93	1.91	1.89
Avg. Consumer Expectations for Business Conditions (std. dev. <sup>1</sup> )*.....	-1.1	-2.1	-2.0	-2.0	-1.4	-0.8	-0.7
LEADING INDEX (2004=100).....	94.4	93.7	93.2	93.7	94.0	94.5	94.9
Percent change from preceding month.....	0.2	-0.7	-0.5	0.5	0.3	0.5	0.4
U.S. Leading Economic Index net contributions							
Average workweek, production workers, mfg.....	....	-0.07	.00	.13	.00	.07	.20
Average weekly initial claims, state unemployment insurance.....	....	-0.02	-0.04	.08	.09	.18	-0.03
Manufacturers' new orders, consumer goods and materials.....	....	-0.11	-0.03	.18	.13	.11	.01 **
ISM New Orders Index.....	....	-0.08	-0.09	-0.04	-0.01	-0.01	.04
Manufacturers' new orders, nondefense capital goods excl. aircraft.....	....	.03	.04	-0.03	-0.05	.10	-0.02 **
Building permits.....	....	.11	-0.16	.24	.15	-0.04	.02
Stock prices, 500 common stocks (c).....	....	-0.42	-0.04	.11	.06	.05	.17
Leading Credit Index™.....	....	-0.10	-0.07	.02	-0.05	-0.02	.06
Interest rate spread, 10-year Treasury bonds less federal funds.....	....	.24	.20	.22	.21	.20	.20
Avg. Consumer Expectations for Business Conditions.....	....	-0.33	-0.32	-0.32	-0.22	-0.12	-0.10

p Preliminary. r Revised. c Corrected.

<sup>1</sup> Standard deviation above or below the mean

\* Inverted series; a negative change or value in this component makes a positive contribution to the index.

\*\* Statistical Imputation (See page 3 for more details)

(c) Copyrighted. Series from private sources are provided through the courtesy of the compilers and are subject to their copyrights: Stock prices, Standard & Poor's Corporation; Index of consumer expectations, University of Michigan's Survey Research Center.

CALCULATION NOTE: The percent change in the index does not always equal the sum of the net contributions of the individual components (because of rounding effects and base value differences).

© The Conference Board 2012. All data contained in this table are protected by United States and international copyright laws. The data displayed are provided for informational purposes only and may only be accessed, reviewed, and/or used in accordance with, and the permission of, The Conference Board consistent with a subscriber or license agreement and the Terms of Use displayed on our website at [www.conference-board.org](http://www.conference-board.org). The data and analysis contained herein may not be used, redistributed, published, or posted by any means without express written permission from The Conference Board.

**COPYRIGHT TERMS OF USE** All material on Our Sites are protected by United States and international copyright laws. You must abide by all copyright notices and restrictions contained in Our Sites. You may not reproduce, distribute (in any form including over any local area or other network or service), display, perform, create derivative works of, sell, license, extract for use in a database, or otherwise use any materials (including computer programs and other code) on Our Sites ("Site Material"), except that you may download Site Material in the form of one machine readable copy that you will use only for personal, noncommercial purposes, and only if you do not alter Site Material or remove any trademark, copyright or other notice displayed on the Site Material. If you are a subscriber to any of the services offered on Our Sites, you may be permitted to use Site Material, according to the terms of your subscription agreement.

Trademarks "THE CONFERENCE BOARD", the TORCH LOGO, "THE CONFERENCE BOARD LEADING ECONOMIC INDEX", "THE CONFERENCE BOARD COINCIDENT ECONOMIC INDEX", "THE CONFERENCE BOARD LAGGING ECONOMIC INDEX", and other logos, indicia and trademarks featured on Our Sites are trademarks owned by The Conference Board, Inc. in the United States and other countries ("Our Trademarks").

You may not use Our Trademarks in connection with any product or service that does not belong to us nor in any manner that is likely to cause confusion among users about whether The Conference Board is the source, sponsor, or endorser of the product or service, nor in any manner that disparages or discredits us.

Violators of these rights will be prosecuted to the full extent of the law. Nothing herein shall restrict the use of the information by news journalists using the information in a legitimate news publication or periodical.



**Table 3. Data and Net Contributions for Components of the U.S. Coincident Economic Index and U.S. Lagging Economic Index**

Component	2011						2012
	Jul	Aug	Sep	Oct	Nov	Dec	Jan
U.S. Coincident Economic Index component data							
Employees on nonagricultural payrolls (thousands).....	131,407	131,492	131,694	131,806	131,963	132,166	132,409
Personal income less transfer payments (ann. rate, bil. chn. 2005 dol.).....	9,328	9,299	9,301	9,353	9,353	9,396	9,418 **
Industrial production (index: 2007=100).....	94.148	94.384	94.523	94.958	94.950	95.878	95.905
Manufacturing and trade sales (mil. chn. 2005 dol.).....	989,793	995,439	993,912	1,005,569	1,004,572	1,007,854 **	1,009,859 **
COINCIDENT INDEX (2004=100).....	101.9	102.2	102.2	103.0	103.0	103.3	103.5
Percent change from preceding month.....	0.2	0.3	0.0	0.8	0.0	0.3	0.2
U.S. Coincident Economic Index net contributions							
Employees on nonagricultural payrolls.....	....	.02	.04	.02	.03	.04	.05
Personal income less transfer payments.....	....	-.04	.00	.08	.01	.05	.03 **
Industrial production.....	....	.02	.01	.03	.00	.07	.00
Manufacturing and trade sales.....	....	.30	-.08	.62	-.05	.17 **	.11 **
U.S. Lagging Economic Index component data							
Average duration of unemployment (weeks)*.....	40.2	40.3	40.4	39.2	40.9	40.8	40.1
Ratio, manufacturing and trade inventories to sales (chain 2005 dol.).....	1.356	1.349	1.346	1.337	1.340	1.339 **	1.340 **
Change in index of labor cost per unit of output, mfg. (6-month percent, ann. rate).....	-0.6	-1.7	-2.8 r	-2.4	-2.8	-3.2	-2.9 **
Average prime rate charged by banks (percent).....	3.25	3.25	3.25	3.25	3.25	3.25	3.25
Commercial and industrial loans outstanding (mil. chn. 2005 dol.).....	730,022	740,803	742,037	768,765	776,508	775,175	777,139 **
Ratio, consumer installment credit outstanding to personal income (percent).....	18.91	18.84	18.88 r	18.86	19.00	19.06	19.12 **
Change in CPI for services (6-month percent, ann. rate).....	2.0	2.0	2.1	2.2	2.2	2.4	2.4 **
LAGGING INDEX (2004=100).....	111.8	112.0	112.1	112.8	113.1	113.4	113.8
Percent change from preceding month.....	.3	.2	.1	.6	.3	.3	.4
U.S. Lagging Economic Index net contributions							
Average duration of unemployment.....	....	-.01	-.01	.11	-.15	.01	.06
Ratio, manufacturing and trade inventories to sales.....	....	-.06	-.03	-.08	.03	-.01 **	.01 **
Change in index of labor cost per unit of output, mfg.....	....	-.06	-.06	.02	-.02	-.02	.02 **
Average prime rate charged by banks.....	....	.00	.00	.00	.00	.00	.00
Commercial and industrial loans outstanding.....	....	.14	.02	.34	.10	-.02	.02 **
Ratio, consumer installment credit outstanding to personal income.....	....	-.08	.04	-.02	.16	.07	.07 **
Change in CPI for services.....	....	.00	.02	.02	.00	.04	.00 **

CPI Consumer Price Index. For additional notes see table 2.

\* Inverted series; a negative change in this component makes a positive contribution to the index.

\*\* Statistical Imputation (See page 3 for more details)

© The Conference Board 2012. All data contained in this table are protected by United States and international copyright laws. The data displayed are provided for informational purposes only and may only be accessed, reviewed, and/or used in accordance with, and the permission of, The Conference Board consistent with a subscriber or license agreement and the Terms of Use displayed on our website at [www.conference-board.org](http://www.conference-board.org). The data and analysis contained herein may not be used, redistributed, published, or posted by any means without express written permission from The Conference Board.

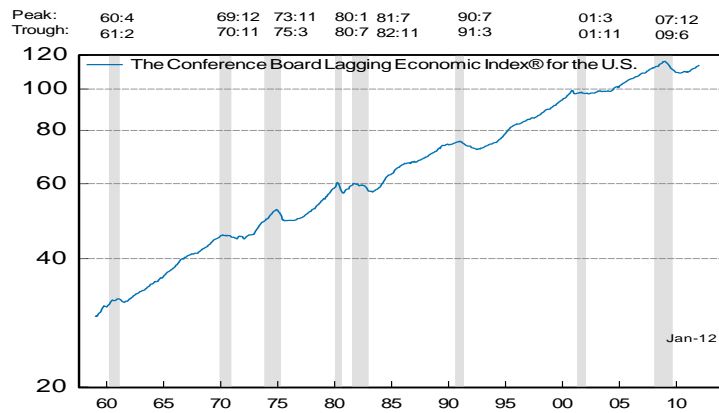
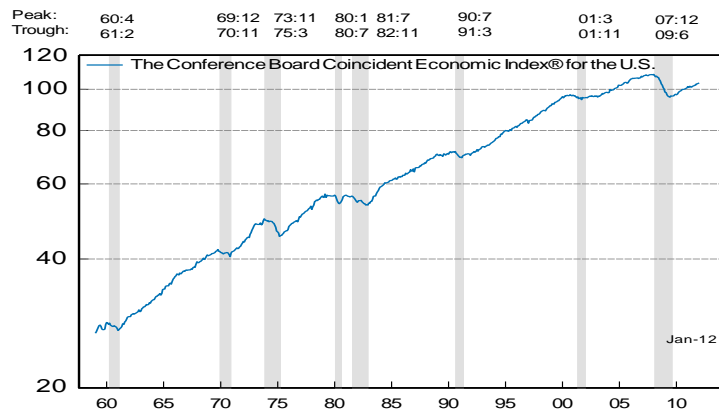
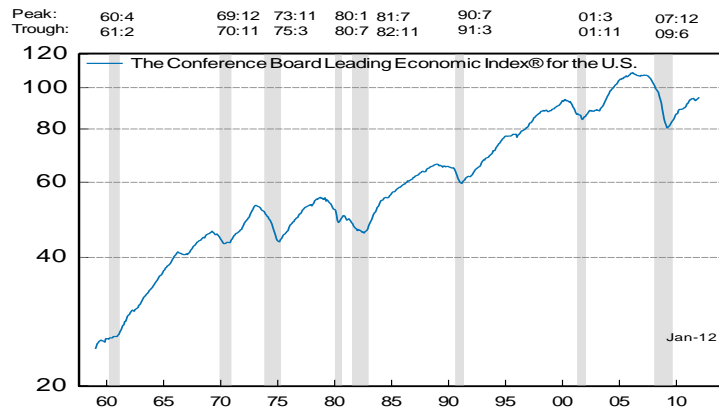
**COPYRIGHT TERMS OF USE** All material on Our Sites are protected by United States and international copyright laws. You must abide by all copyright notices and restrictions contained in Our Sites. You may not reproduce, distribute (in any form including over any local area or other network or service), display, perform, create derivative works of, sell, license, extract for use in a database, or otherwise use any materials (including computer programs and other code) on Our Sites ("Site Material"), except that you may download Site Material in the form of one machine readable copy that you will use only for personal, noncommercial purposes, and only if you do not alter Site Material or remove any trademark, copyright or other notice displayed on the Site Material. If you are a subscriber to any of the services offered on Our Sites, you may be permitted to use Site Material, according to the terms of your subscription agreement.

Trademarks "THE CONFERENCE BOARD", the TORCH LOGO, "THE CONFERENCE BOARD LEADING ECONOMIC INDEX", "THE CONFERENCE BOARD COINCIDENT ECONOMIC INDEX", "THE CONFERENCE BOARD LAGGING ECONOMIC INDEX", and other logos, indicia and trademarks featured on Our Sites are trademarks owned by The Conference Board, Inc. in the United States and other countries ("Our Trademarks").

You may not use Our Trademarks in connection with any product or service that does not belong to us nor in any manner that is likely to cause confusion among users about whether The Conference Board is the source, sponsor, or endorser of the product or service, nor in any manner that disparages or discredits us.

Violators of these rights will be prosecuted to the full extent of the law. Nothing herein shall restrict the use of the information by news journalists using the information in a legitimate news publication or periodical.

# U.S. Composite Economic Indexes (2004=100)



Shaded areas represent recessions as determined by the National Bureau of Economic Research.

© The Conference Board 2012. All data contained in this table are protected by United States and international copyright laws. The data displayed are provided for informational purposes only and may only be accessed, reviewed, and/or used in accordance with, and the permission of, The Conference Board consistent with a subscriber or license agreement and the Terms of Use displayed on our website at [www.conference-board.org](http://www.conference-board.org). The data and analysis contained herein may not be used, redistributed, published, or posted by any means without express written permission from The Conference Board.

**COPYRIGHT TERMS OF USE** All material on Our Sites are protected by United States and international copyright laws. You must abide by all copyright notices and restrictions contained in Our Sites. You may not reproduce, distribute (in any form including over any local area or other network or service), display, perform, create derivative works of, sell, license, extract for use in a database, or otherwise use any materials (including computer programs and other code) on Our Sites ("Site Material"), except that you may download Site Material in the form of one machine readable copy that you will use only for personal, noncommercial purposes, and only if you do not alter Site Material or remove any trademark, copyright or other notice displayed on the Site Material. If you are a subscriber to any of the services offered on Our Sites, you may be permitted to use Site Material, according to the terms of your subscription agreement.

Trademarks "THE CONFERENCE BOARD", the TORCH LOGO, "THE CONFERENCE BOARD LEADING ECONOMIC INDEX", "THE CONFERENCE BOARD COINCIDENT ECONOMIC INDEX", "THE CONFERENCE BOARD LAGGING ECONOMIC INDEX", and other logos, indicia and trademarks featured on Our Sites are trademarks owned by The Conference Board, Inc. in the United States and other countries ("Our Trademarks").

You may not use Our Trademarks in connection with any product or service that does not belong to us nor in any manner that is likely to cause confusion among users about whether The Conference Board is the source, sponsor, or endorser of the product or service, nor in any manner that disparages or discredits us.

Violators of these rights will be prosecuted to the full extent of the law. Nothing herein shall restrict the use of the information by news journalists using the information in a legitimate news publication or periodical.